

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 2145-03
Bill No.: HCS for HB's 888, 942 and 943
Subject: Appropriations: Tobacco Settlement
Type: Original
Date: April 11, 2001

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
General Revenue	(\$322,857,600)	(\$162,000,000)	(\$164,000,000)
Health Care Trust	\$194,000,000	\$162,000,000	\$164,000,000
Fund for Missouri's Future	\$125,000,000	\$0	\$0
Total Estimated Net Effect on <u>All</u> State Funds	(\$3,857,600)	\$0	\$0

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
Local Government	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 4 pages.

FISCAL ANALYSIS

ASSUMPTION

Officials of the **State Treasurer** stated that they could carry out their duties under terms of this proposal with existing resources.

Oversight assumes that tobacco settlement funds would be deposited into the General Revenue Fund in the absence of this proposal. Oversight also notes that Missouri's tobacco settlement funds have been, thus far, deposited in an escrow fund and assumes that payments for 1998 through 2000 would be deposited at one time and payments for 2001 would also be made during FY 2002; therefore the figure for FY 2002 represents three years worth of estimated payments. (There were no payments in calendar 1999.)

That figure, about \$319,000,000, would allow immediate transfer of \$125,000,000 to the proposed endowment fund.

Advertisement costs for the proposal would be \$4,380 per newspaper column inch for three printings of the text of the proposal, the introduction, title, fiscal note summary, and affidavit. The proposal would be on the ballot for the November 2001 general election.

Officials of the Office of Administration estimate that the cost to the state for a special election in November of 2001 would be approximately \$3,700,000. (This was the approximate cost of the Presidential Primary held in March of 2000.)

<u>FISCAL IMPACT - State Government</u>	FY 2002	FY 2003	FY 2004
GENERAL REVENUE FUND			
<u>Cost</u> - Secretary of State			
Newspaper Advertisements	(\$157,600)		
<u>Cost</u> - Special Election	(\$3,700,000)		
<u>Loss</u> - Tobacco Settlement Revenue	(\$319,000,000)	(\$162,000,000)	(\$164,000,000)
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	<u>(\$322,857,600)</u>	<u>(\$162,000,000)</u>	<u>(\$164,000,000)</u>
 HEALTH CARE TRUST FUND			
<u>Income</u> - Tobacco Settlement Revenue	\$194,000,000	\$162,000,000	\$164,000,000
ESTIMATED NET EFFECT ON TOBACCO SETTLEMENT TRUST FUND	<u>\$194,000,000</u>	<u>\$162,000,000</u>	<u>\$164,000,000</u>

<u>FISCAL IMPACT - State Government</u>	FY 2002	FY 2003	FY 2004
FUND FOR MISSOURI'S FUTURE			
<u>Income - Tobacco Settlement Revenue</u>	\$125,000,000	\$0	\$0
ESTIMATED NET EFFECT ON	<u>\$125,000,000</u>	<u>\$0</u>	<u>\$0</u>
FUND FOR MISSOURI'S FUTURE			
 <u>FISCAL IMPACT - Local Government</u>	 FY 2002	 FY 2003	 FY 2004
	\$0	\$0	\$0

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

DESCRIPTION

This proposal would govern distribution and appropriations of monies received by the state as result of tobacco claims, as the term is defined in the proposal.

The first \$125,000,000 of tobacco settlement moneys would be deposited into an endowment fund, the Fund for Missouri's Future. Moneys in the endowment would not be subject to appropriation without a two-thirds vote of each chamber of the General Assembly. Endowment funds would be invested by the State Treasurer and would not be spent until the amount in the endowment reached \$1,000,000,000.

Additional tobacco settlement moneys (and earnings on the endowment after its value reached \$1,000,000,000) would be deposited into the Health Care Trust Fund and those funds would be subject to appropriation for purposes set out in the proposal. The legislature would appropriate Health Care Trust Fund moneys in a separate appropriation bill.

Tobacco settlement moneys would not be considered part of "total state revenues" and expenditure of those moneys would not be considered an "expense of state government" as those two terms are defined in article X of the state constitution.

The legislature would appropriate proceeds of any legal settlement or award to the state not otherwise dedicated by statute to a fund or program for programs related to education or health care.

The proposal contains an election clause and would go into effect if adopted by the voters of Missouri at a special election to be held on the Tuesday after the first Monday in November of
DESCRIPTION (continued)

2001.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space. The proposal would affect Total State Revenue.

SOURCES OF INFORMATION

Office of Administration
State Treasurer

A handwritten signature in black ink, appearing to read "Jeanne Jarrett". The signature is stylized with a large initial "J" and a cursive "e" at the end.

Jeanne Jarrett, CPA
Director
April 11, 2001